January 1987

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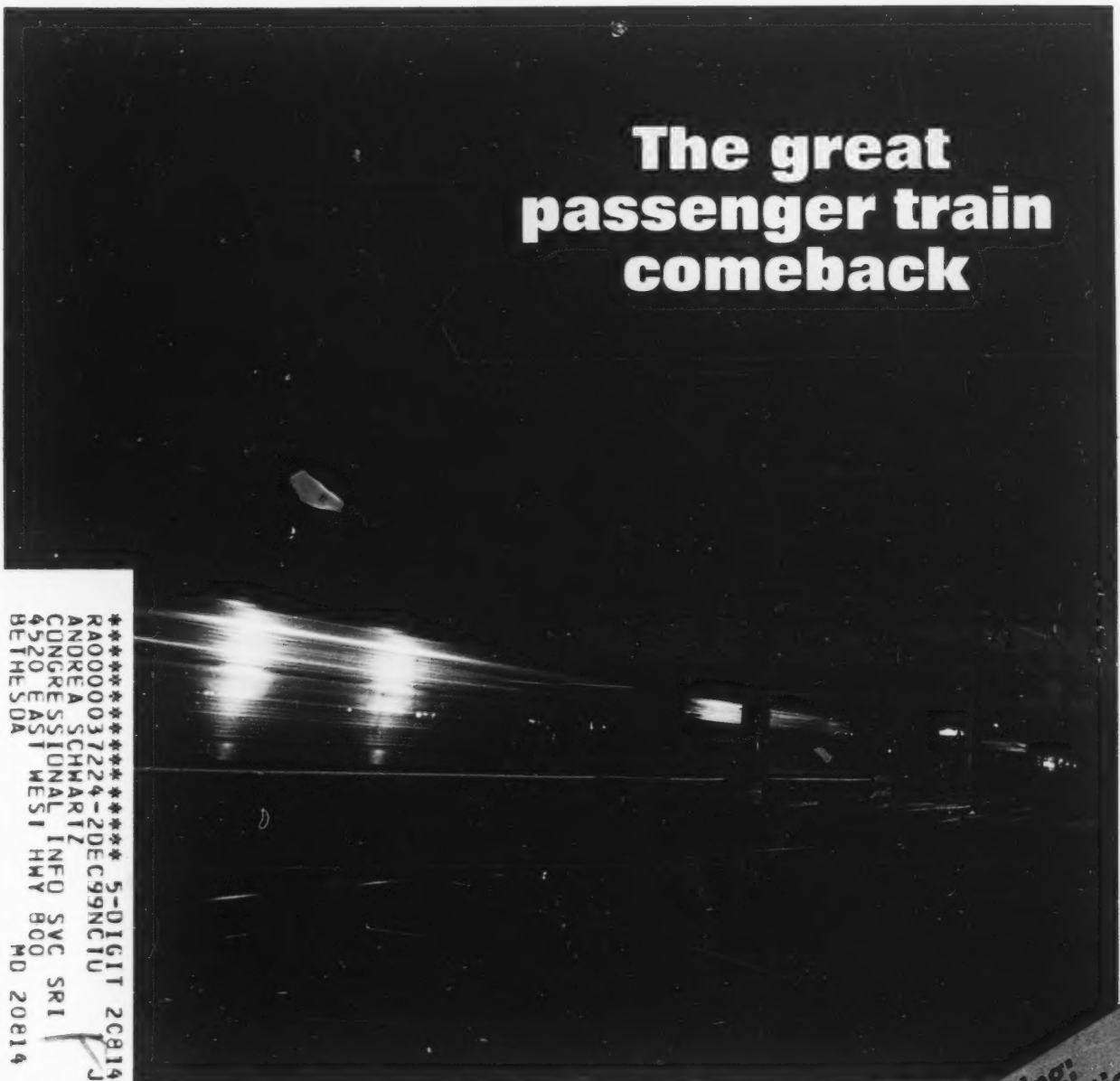
Railway Age

...for the new age of railways



The great passenger train comeback

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RA0000037224-20EC99NCIU
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CONGRESSIONAL INFO SVC SRI
4520 EAST WEST HWY 800
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Centralizing operations on CSX

Regional railroading: Getting a piece of the action

January 1987

Railway Age

...for the new age of railways

Features

27 CSX centralizes operations control

Ex-Seaboard and ex-Chessie people are now overseeing all train operations from Jacksonville, a changeover that was accomplished with speed and efficiency.

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Though still viewed by a near-sighted Reagan Administration as anachronisms, trains as people movers are experiencing an extraordinary renaissance.

NJ Rail Transit photo by Kent Patterson.

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Published monthly by the Simmons-Boardman Publishing Corporation, 345 Hudson St., New York, N.Y. 10014 USPS 449-130, Vol. 188, No. 1

Subscription rates to all railroad, rail rapid transit employees and industrial traffic department employees in the U.S. possessions, Canada and Mexico: $12 one year, $22 two years, all other countries $35 one year. All other subscriptions in the U.S., Canada and Mexico: $30 one year, all other countries: $50 one year. All subscriptions payable in advance. Single copies $3 plus postage and handling, except special issues. Call toll free (800) 228-9670 Mon-Fri., 9a.m.-5p.m. to place order. In Nebraska call (402) 346-4300. Copyrighted © 1987.

Address all subscriptions, change of address and correspondence concerning them to Subscription Dept., Railway Age, 345 Hudson St., New York, N.Y. 10014.

Printed at Hughes Printing Co., 34 North Crystal St., East Stroudsburg, PA. 18301. Second Class postage paid by Simmons-Boardman Publishing Corp., 345 Hudson St., New York, NY 10014 ISSN 0033-8826. POSTMASTER—SEND change of address forms to Simmons-Boardman, 345 Hudson St., New York, N.Y. 10014.

Market Outlook

Equipment

Electric Fuels Corp.: Placed an order with Ortner Freight Car Division of Avondale Industries for 95 aluminum-bodied Rapid Discharge II hopper cars. They will be identical to 82 cars which Ortner built last year for Electric Fuels, a subsidiary of Florida Power Corp.

Metro-North Commuter Railroad: Ordered an additional 23 Shoreliner commuter cars from Bombardier at a cost of $21.4 million. Following delivery late this year, they will join 39 Shoreliners already in operation on Metro-North's upper Hudson, Pascack Valley, and Port Jervis lines. The 85-foot cars can seat up to 131 passengers; they are diesel hauled. The purchase will be funded by Metro-North's $749-million share of the New York Metropolitan Transportation Authority's Phase II capital improvement program (*RA*, Dec. 1986, p. 56). The order was placed late in 1986 to take advantage of an estimated $4 million "safe-harbor" leasing tax saving. Metro-North estimates that another $4 million in inflationary costs will be saved because the cars will be delivered five years before originally planned.

- L. K. Comstock & Co., in joint venture with Yonkers Contracting Co., is the apparent low bidder, at $19.3 million on a contract to supply 14 traction power substations on the Hudson and Harlem lines.

New York Metropolitan Transportation Authority: Authorized the award of a $16.6-million contract to Newport News Industrial Corp. (NNI) and American Coastal Industries, Inc. (ACI) for the overhaul of 52 cars for the New York City Transit Authority. Propulsion systems will be replaced, trucks overhauled, and interiors refurbished. The work will take place at ACI's facilities in Chesapeake, Va., with NNI, a subsidiary of Newport News Shipbuilding, providing financial and engineering support and project management.

RoadRailer: Subcontracted an order for 250 Mark IV Roadrailers to Stoughton Trailer, Inc., of Stoughton, Wis. Delivery of the units, which were ordered by Norfolk Southern, is to begin in February. RoadRailer is an affiliate of Thrall Car Manufacturing Co.

Revenue freight carloadings

Commodity	Dec. 6 week	Nov. 29 week	Nov. 22 week	Nov. 15 week
Grain	28,100	23,701	31,614	30,940
Other farm products	4,501	3,528	4,636	4,468
Metallic ores	8,786	10,626	10,384	12,454
Coal	117,185	93,386	123,461	110,386
Crushed stone, gravel and sand	11,969	8,273	13,271	12,920
Nonmetallic minerals	8,365	6,613	8,464	7,610
Grain mill products	11,282	9,145	11,091	11,469
Food and kindred products	11,365	8,712	11,520	11,394
Primary forest products	10,652	6,964	10,681	10,388
Lumber and wood products except furniture	7,429	5,665	7,929	7,489
Pulp, paper and allied products	12,690	11,978	12,346	12,338
Chemicals and allied products	25,339	18,699	23,868	22,433
Petroleum products	4,628	3,380	4,323	4,256
Stone, clay and glass products	9,287	7,293	9,461	9,477
Coke	4,235	3,567	4,216	4,006
Metals and products	7,627	6,368	7,242	7,031
Motor vehicles and equipment	19,870	12,760	20,951	21,416
Waste and scrap materials	7,734	5,651	8,267	8,308
Forwarder and shipper assn. traffic	3,199	2,497	3,391	3,228
All other carloads	71,726	55,550	75,205	72,315
LCL traffic	103	115	175	114
Total Cars Loaded	**386,072**	**304,471**	**402,496**	**384,440**
% change from previous year	2.5	(0.6)	2.0	(1.4)
Estimated revenue ton-miles (billions)	17.5	14.1	18.2	17.3
% change from previous year	6.3	4.2	4.0	(0.2)

Total:	**1986**	**1985**	**% change**
49 weeks	833.6	829.8	0.5

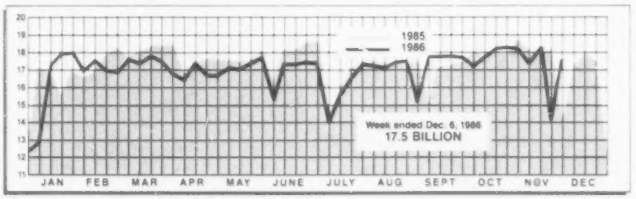
Piggyback loadings

	Nov. 29 week	Nov. 22 week	Nov. 15 week	Nov. 8 week
Trailers/containers	85,138	111,581	106,394	108,563

Cumulative total, 48 weeks		**% change from 1985**
Trailers/containers	4,634,174	9.3

Rail freight traffic trends

Billion ton-miles (Estimated)



Source: Association of American Railroads

Freight cars

	DELIVERED November 1986	DELIVERED 11 months 1986	DELIVERED 11 months 1985	ORDERED November 1986	ORDERED 11 months 1986	ORDERED 11 months 1985	ON ORDER AND UNDELIVERED Dec. 1, 1986	Average Backlog 1986	Average Backlog 1985
Built new by carbuilders	886	9,554	10,745	668	10,832	8,185	3,037	3,539	3,555
Built new in RR shops	0	0	406	0	0	0	0	0	25
Built new—total	**886**	**9,554**	**11,151**	**668**	**10,832**	**8,185**	**3,037**	**3,539**	**3,580**
Rebuilt	0	95	0	0	95	0	0	11	0
TOTAL	**886**	**9,649**	**11,151**	**668**	**10,927**	**8,185**	**3,037**	**3,550**	**3,580**
Locomotives (new and rebuilt)	7	302	567	N/A	N/A	N/A	6	122	221

Source: Transportation Div., AAR and American Railway Car Institute

REVENUES AND EXPENSES OF RAILWAYS

Third quarter figures of calendar year 1986

(Dollar figures are stated in thousands, i.e., with last three digits omitted)

		Operating revenues				Operating expenses													
						Way & structures			Equipment										
		Freight	Other	Total 1986	Total 1985	Total 1986	Total 1985	1986 Deprec.	Total 1986	Total 1985	1986 Deprec.	Total 1986	Total 1985	Operating Ratio 1986	Operating Ratio 1985	Income after fixed charges 1986	Income after fixed charges 1985	1986 Net Ry. operating income	Net Income 1986	Net Income 1985
Amtrak	3 mos.	—	231,569	231,569	228,028	53,498	62,863	19,282	112,272	91,561	30,821	406,772	393,856	175.65	172.72	(170,065)	(159,776)	(175,203)	(170,065)	(159,776)
	9 mos.	—	635,650	635,650	620,992	158,922	183,099	52,881	300,886	286,216	72,988	1,178,686	1,200,394	185.43	193.30	(527,055)	(562,054)	(543,036)	(527,055)	(562,054)
Atchison, Topeka & Santa Fe	**3 mos.**	**474,273**	**10,307**	**484,580**	**533,623**	**85,897**	**75,034**	**16,630**	**115,219**	**126,348**	**22,596**	**440,728**	**485,625**	**90.95**	**91.00**	**38,858**	**47,572**	**34,113**	**28,886**	**34,782**
	9 mos.	**1,433,594**	**31,675**	**1,465,269**	**1,625,757**	**257,965**	**256,214**	**49,302**	**349,216**	**379,197**	**68,900**	**1,353,599**	**1,507,775**	**92.37**	**92.74**	**94,202**	**122,453**	**87,549**	**69,381**	**95,063**
Boston & Maine	3 mos.	19,802	1,196	20,998	28,638	2,928	4,091	442	7,697	9,622	80	22,200	28,698	105.72	100.20	(1,002)	451	(1,128)	(1,002)	451
	9 mos.	58,293	3,059	61,352	87,671	9,436	12,168	1,326	23,670	28,099	240	67,387	86,423	109.83	98.57	(1,381)	2,530	(5,813)	(1,381)	2,530
Burlington Northern	**3 mos.**	**923,555**	**20,398**	**943,953**	**1,002,337**	**171,007**	**145,707**	**56,269**	**190,113**	**180,928**	**19,368**	**772,842**	**786,308**	**81.87**	**78.44**	**164,383**	**234,560**	**109,600**	**102,860**	**144,631**
	9 mos.	**2,763,004**	**63,687**	**2,826,691**	**3,059,633**	**840,041**	**464,726**	**499,220**	**597,251**	**549,311**	**81,524**	**2,779,530**	**2,453,551**	**98.33**	**80.19**	**26,039**	**629,851**	**70,594**	**(286,405)**	**377,831**
Chicago & North Western	3 mos.	185,504	25,984	211,488	205,285	40,512	34,368	6,321	50,442	48,930	3,475	206,189	192,743	97.49	93.89	14,070	2,233	4,295	13,145	5,642
	9 mos.	553,474	76,268	629,742	618,399	118,939	113,523	19,401	148,778	146,025	10,429	602,165	598,291	95.62	96.74	22,369	(10,277)	26,714	21,544	(4,693)
Conrail	**3 mos.**	**728,274**	**23,484**	**751,758**	**770,128**	**100,719**	**111,768**	**24,670**	**179,186**	**165,461**	**37,109**	**647,462**	**659,261**	**86.12**	**85.60**	**107,254**	**120,258**	**77,704**	**107,254**	**120,258**
	9 mos.	**2,237,070**	**73,274**	**2,310,344**	**2,383,462**	**336,128**	**350,066**	**73,867**	**524,961**	**524,777**	**105,112**	**2,019,358**	**2,093,502**	**87.40**	**87.83**	**311,981**	**329,743**	**210,553**	**311,981**	**329,743**
CSX	3 mos.	1,039,066	37,160	1,076,226	1,164,253	150,263	166,334	37,247	289,190	263,159	35,920	968,422	996,646	89.98	85.60	93,386	146,674	88,712	68,529	93,943
	9 mos.	3,289,879	103,901	3,393,780	3,604,014	464,208	507,091	111,475	872,937	877,849	103,694	2,962,213	3,155,865	87.28	87.56	390,488	429,962	301,701	250,479	283,762
Delaware & Hudson	**3 mos.**	**19,394**	**396**	**19,790**	**28,356**	**3,954**	**4,794**	**407**	**7,485**	**8,268**	**124**	**22,147**	**27,988**	**111.91**	**98.70**	**(3,241)**	**(32)**	**(2,344)**	**(3,241)**	**(32)**
	9 mos.	**61,957**	**1,095**	**63,052**	**82,315**	**12,890**	**14,070**	**1,136**	**23,216**	**24,274**	**393**	**68,599**	**84,284**	**108.79**	**102.39**	**(8,042)**	**(2,457)**	**(5,508)**	**(8,042)**	**(2,457)**
Denver & Rio Grande Western	3 mos.	69,787	1,090	70,877	78,516	11,264	10,947	3,519	14,700	14,694	3,282	61,422	68,301	86.65	86.98	9,985	9,543	5,038	5,424	5,841
	9 mos.	221,129	3,411	224,540	247,972	35,994	37,979	10,522	44,025	45,544	9,929	195,735	219,442	87.17	88.49	29,733	27,579	16,002	16,497	17,122
Elgin, Joliet & Eastern	**3 mos.**	**10,312**	**2,359**	**12,671**	**20,789**	**2,361**	**4,123**	**594**	**2,311**	**3,107**	**1,782**	**16,513**	**20,189**	**130.32**	**97.20**	**(3,428)**	**2,326**	**(2,472)**	**(2,058)**	**1,862**
	9 mos.	**38,434**	**14,953**	**53,387**	**65,307**	**12,451**	**10,696**	**1,796**	**9,176**	**9,986**	**5,531**	**56,889**	**62,247**	**106.55**	**95.31**	**280**	**7,779**	**(3,381)**	**401**	**4,775**
Florida East Coast	3 mos.	26,727	666	27,393	26,823	4,377	4,592	1,203	4,993	5,337	1,210	21,615	22,664	78.90	84.49	8,211	7,739	1,628	4,061	4,400
	9 mos.	84,349	2,216	86,565	86,191	13,544	14,228	3,684	15,038	16,700	3,768	67,157	68,667	77.57	79.66	26,189	29,872	6,375	13,156	17,089

Grand Trunk Western	3 mos.	71,223	3,804	75,027	80,851	9,195	10,231	1,536	17,559	17,119	1,610	74,943	80,203	99.88	99.19	1,022		73	2,097	
	9 mos.	232,852	11,244	244,096	255,382	29,488	31,596	5,076	56,510	53,637	4,842	251,243	252,317	102.92	98.79	4,659	(313)		7,235	3,895
Illinois Central Gulf	**3 mos.**	**144,063**	**16,627**	**160,690**	**207,165**	**5,490**	**29,138**	**(19,617)**	**267,945**	**61,823**	**126,039**	**553,151**	**199,243**	**344.23**	**96.17**	**(397,298)**	**5,572**	**(225,795)**	**(231,118)**	**3,960**
	9 mos.	**479,025**	**54,283**	**533,308**	**672,440**	**55,592**	**88,847**	**434**	**388,788**	**201,896**	**134,820**	**892,296**	**640,015**	**167.31**	**95.17**	**(373,957)**	**16,686**	**(194,076)**	**(209,855)**	**13,066**
Kansas City Southern	3 mos.	69,041	3,425	72,466	79,857	13,587	12,377	4,338	16,059	16,708	5,240	60,815	66,232	83.92	82.93	9,965	12,047	7,319	5,523	7,305
	9 mos.	213,682	10,573	224,255	241,164	38,892	35,673	12,511	47,923	52,896	15,563	187,709	205,562	83.70	85.23	31,918	30,109	24,187	19,146	18,258
Missouri-Kansas-Texas	**3 mos.**	**54,095**	**2,699**	**56,794**	**68,350**	**11,193**	**13,226**	**2,997**	**15,326**	**16,323**	**1,854**	**56,184**	**64,778**	**98.92**	**94.77**	**(966)**	**1,240**	**854**	**15,571**	**1,240**
	9 mos.	**168,165**	**8,403**	**176,568**	**205,416**	**33,058**	**39,159**	**8,673**	**44,014**	**48,969**	**5,580**	**171,151**	**194,071**	**96.93**	**94.46**	**4,454**	**4,054**	**6,181**	**20,991**	**(1,746)**
Norfolk & Western	3 mos.	367,760	14,412	382,172	408,324	66,553	67,190	11,023	83,229	87,965	15,374	322,257	334,560	84.32	81.93	101,401	130,402	24,351	65,316	78,721
	9 mos.	1,179,140	46,357	1,225,497	1,286,830	192,915	184,491	35,968	255,176	259,956	42,749	964,170	1,013,319	80.30	78.74	318,795	365,689	116,212	192,047	217,937
St. Louis Southwestern	**3 mos.**	**90,021**	**1,402**	**91,423**	**95,451**	**15,137**	**14,825**	**4,617**	**19,991**	**22,811**	**5,209**	**78,103**	**84,170**	**85.43**	**88.18**	**13,966**	**11,219**	**8,050**	**8,896**	**7,011**
	9 mos.	**263,666**	**3,938**	**267,604**	**294,752**	**43,244**	**43,329**	**14,200**	**62,176**	**76,891**	**15,685**	**243,016**	**276,485**	**90.81**	**93.80**	**26,945**	**21,285**	**15,095**	**17,452**	**13,531**
Soo Line	3 mos.	144,633	6,352	150,985	158,266	32,844	35,198	7,571	39,912	40,097	3,597	155,640	158,815	103.08	100.34	(8,069)	(8,894)	(1,443)	(5,331)	(3,687)
	9 mos.	444,552	15,053	459,605	443,242	93,355	90,539	22,090	113,789	110,767	10,404	458,397	438,340	99.73	98.89	(4,628)	(17,218)	7,493	(10)	(6,632)
Southern Pacific	**3 mos.**	**457,575**	**18,109**	**475,684**	**512,672**	**65,034**	**63,759**	**24,793**	**131,353**	**136,696**	**20,056**	**469,875**	**508,096**	**98.77**	**99.10**	**30,205**	**43,484**	**22,097**	**45,894**	**50,360**
	9 mos.	**1,389,582**	**54,238**	**1,443,820**	**1,570,635**	**211,047**	**206,210**	**74,015**	**393,583**	**433,661**	**61,550**	**1,482,608**	**1,577,884**	**102.68**	**100.46**	**22,150**	**43,591**	**(15,906)**	**43,432**	**55,174**
Southern	3 mos.	393,485	9,908	403,393	416,420	60,604	59,822	16,389	83,665	83,938	20,100	312,937	329,702	77.57	79.17	85,300	84,224	62,073	55,607	57,116
	9 mos.	1,240,126	28,737	1,268,863	1,284,324	187,760	185,818	50,991	257,231	267,837	59,386	982,764	1,031,207	77.45	80.29	280,299	250,637	182,769	172,900	154,951
Union Pacific	3 mos.	922,303	17,371	939,674	892,551	114,998	117,590	26,574	189,533	183,539	32,073	722,607	783,848	76.90	87.82	197,585	99,965	—	98,070	70,093
(Combined with Missouri Pacific)*	9 mos.	2,768,638	19,916	2,822,085	2,804,144	373,204	387,147	81,229	588,494	585,772	101,287	2,285,429	2,449,787	80.98	87.36	491,741	328,383	119,954	(84,327)	223,884

*Reflects combined results of operations of Union Pacific, Missouri Pacific, and Western Pacific railroads and their subsidiaries.

Source: Interstate Commerce Commission

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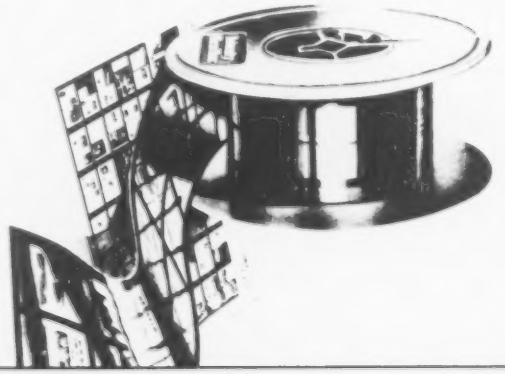

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Rate compression forces revenues down

The Class I railroads' revenue ton-miles were up nearly 1% in third-quarter 1986—but operating revenues declined by 5.2%. Ton-miles for the first three quarters of the year were almost even with the corresponding period a year earlier—but revenues dropped by 5.4%. This translated into a 13.9% drop in ordinary income for the third quarter, and a 10.1% decline for the first nine months.

These decreases in earnings exclude special charges taken by the Illinois Central Gulf to cover equipment write-downs and work force reductions. When these charges are included (see table), ordinary income for the third quarter was down 47.9%, to $341 million, and income for the first nine months was down 53.7%, to $804 million.

Said William H. Dempsey, president of the Association of American Railroads: "The earnings declines that are occurring independent of these special charges highlight an ominous trend caused largely by rate reductions in an unprecedented atmosphere of excess transportation capacity and flat demand for service.

"Despite continued sharp reductions in both employment and the price of fuel," said Dempsey, "earnings still are declining. The trend is troubling because we cannot reasonably expect to continue to cut labor and fuel expenses as we have been doing."

Dempsey said that independent of the special charges, operating expenses fell by 5.2% in the third quarter and 5.8% in the first nine months.

Class I Railroads in the United States
For the third quarter

	1986 (millions)	1985 (millions)
Operating Revenues	$6,428	$6,779
Operating Expenses	5,986	5,898
Net Revenue from Operations		
United States	442	881
Eastern District	−32	453
Western District	474	428
Ordinary Income		
United States	341	654
Eastern District	39	335
Western District	302	320
For the first nine months		
Operating Revenues	$19,780	$20,919
Operating Expenses	18,111	18,409
Net Revenue from Operations		
United States	1,669	2,510
Eastern District	888	1,320
Western District	781	1,190
Ordinary Income		
United States	804	1,737
Eastern District	647	952
Western District	157	784
Rate of Return on Net Investment	3.52%	4.72%

Railroads team up to solve a weighty problem

It's 193.5 feet in length and it weighs 388,000 pounds. It's a butane splitter. And it had to move 1,558 miles from Houston to Marysville, Mich., to a Consumers Power Co. processing plant. The movement took 10 days, and a lot of planning. Southern Pacific originated the gigantic load, which then moved via Cotton Belt, Alton & Southern, Norfolk Southern (NW), Grand Trunk Western and CSX Transportation to destination.

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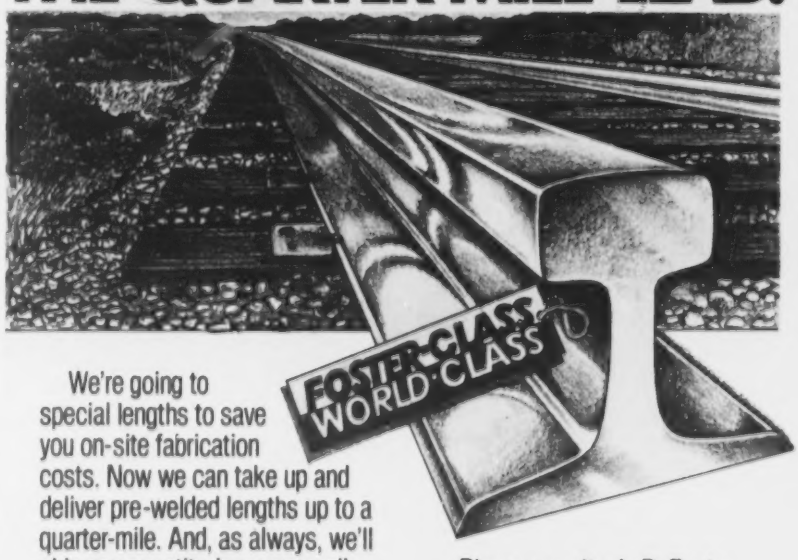

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The great passenger train

Amtrak, commuter rail, rapid rail, light rail—all are flourishing as the nation rediscovers the efficiency of trains as people movers. Odds are, they will survive another OMB attack on federal funding.

By LUTHER S. MILLER, Editor

In the Reagan Administration's version of "The Great Train Robbery," trains are not the victims but the villains, picking the taxpayers' pockets and highballing off with money that could more profitably by spent on almost anything else.

A posse from the Office of Management and Budget is already sending out its signals for a 1987 attack. OMB's new budget will call for a massive slash in mass-transit funding, perhaps by as much as $1.6 billion a year, with new rail starts a main target. What form this year's raid on Amtrak will take was not clear in the waning days of '86. Leaks to the press covered a gamut of options, from a zero budget (i.e., sudden, systemwide death) to the bizarre notion that chunks of the system could be sold off to the private sector.

None of this is new. For two years, the Administration's budget-balancing act has called for either elimination or drastic reduction of federal support for transportation (except, of course, for highways and air control systems, which the OMB curiously and naively believes to be self-supporting). And for two years, OMB has succeeded only in chipping away at public transportation funding that it perceives to be a pernicious problem but that Congress continues to see as a solution.

• **A premature obituary.** The Administration's view seems to be that passenger trains, while fine in their day, are now a dying breed, kept alive only by costly life-support systems that are hard to justify in an era of flexible family autos and fast planes.

That is not an original idea. No less an authority than Professor George W. Hilton wrote just 18 years ago, "The passenger train is moribund. The time for the obituary is not far off."

But a funny thing happened to the passenger train on the way to the graveyard.

Amtrak was pieced together out of the surviving remnants of line-haul passenger service. At about the same time, cities began to rediscover the train. And the situation began to change—so gradually, and with so many fits and starts, that it was not apparent to everyone. But looking back over a couple of decades, the cumulative change has been dramatic.

Today, mass transportation in general and passenger trains in particular are experiencing an extraordinary renaissance. The trains come in various guises—Amtrak,

Amtrak passenger-miles topped 5 billion last year, and mail and express traffic was also booming as this scene at Philadelphia's 30th Street Station suggests. Howard L. McKean

To accommodate soaring ridership, Metro-North this year will embark on a new five-year, $749-million capital improvement program. Kent Patterson

comeback

commuter, rapid transit, light rail. And their popularity has not peaked.

• **The evidence.** Nearly everywhere you look, you can see evidence of the great passenger train comeback—from the congested Northeast Corridor, where Amtrak trains are now moving more people between New York and Washington than the Eastern Airlines shuttle, to Southern California, where the San Diego Trolley is busily building a third light rail line in response to public demand; from the commuter trains of New Jersey Rail Transit, which despite higher fares and lower gasoline prices are experiencing an unprecedented surge in ridership, to Portland, Ore., where a new light rail line exceeded its first-year ridership goals by 20% just a few weeks after it opened.

Even in Buffalo and Miami, where the OMB used to turn its spotlights whenever it wanted to expose a rail transit failure story, the trains are beginning to pull passengers out of their autos now that new elements have fallen into place. Late in 1986, the Miami-Dade County Metrorail was carrying 34,000 riders a day, up from 25,000 just six months earlier. A downtown People Mover that opened in June and is now carrying more than 9,000 riders a day (vs a hoped-for 6,000) is largely responsible for the increase. In Buffalo, rail ridership soared from around 22,000 a day to 27,000 with the opening in November of the last mile of the Niagara Frontier Transportation Authority's 6.4-mile Metro. NFTA's biggest problem is no longer fending off its critics but finding enough parking spaces for motorists who want to leave their cars and switch to the train.

What's happening in these and other rail transit cities has not gone unobserved by cities that have been slower to try to kick the auto habit. Los Angeles, which a few decades ago ripped up one of the world's great urban and interurban rail systems, is starting to rebuild. And from coast to coast, there's a light rail boom. Inspired by the example of San Diego, Sacramento and San Jose are well along with their own lines. Dallas, a city long driven by oil interests, is getting ready to put in 92 miles. St. Louis is far advanced with plans for a 15-mile system that it has successfully demonstrated will be more cost-effective than any alternative. The State of New Jersey has approved plans for a 13-mile, $825-million line along the Hudson River southward from the George Washington bridge. and New York City is studying the feasibility of a parallel line on the other side of the river. Rochester, N.Y.; Norfolk, Va.; Columbus, Ohio; Detroit—all are looking at light rail.

But what the Reagan Administration is looking at is a trillion-dollar national budget, a staggering deficit, and the need to trim it down to the size required by law—and OMB has decided, again, that among the expendable items in the budget are transit and trains. Its prospects for success do not look a lot brighter than they did last year, or the year before.

AMTRAK: Five years of growth

	FY82	FY83	FY84	FY85	FY86
Passenger Miles (millions)	4,172	4,246	4,552	4,825	5,012
Ridership (millions)	19.0	19.0	19.9	20.8	20.3
Operating Revenues (millions)	$630.7	$664.4	$758.8	$825.8	$861.4

• **A boon to business.** While it touts itself as "a businessman's Administration," the Reagan White House is not likely to fund support from certain segments of business as it seeks, under the banner of budget-cutting, to stem the flow of public transportation spending.

The transit business is big business—a business that is pumping billions of dollars a year into the national economy, including many billions in capital investment.

New York's Metropolitan Transportation Authority alone plans to invest $1.7 billion a year over the next five years in its two commuter railroads, Long Island and Metro-North, and in the trains and buses of the New York City Transit Authority. MTA's investments are almost entirely city- and state-generated.

But federal support for transit remains important to New York. For one thing, as MTA's financial officers have grumpily observed, a sustained attack from Washington on the whole concept of rail transit could dry up private capital markets.

Philadelphia's financially-strapped Southeastern Pennsylvania Transportation Authority has also taken an innovative private route to capital funding. SEPTA, whose suburban-train ridership is growing despite severe overcrowding, has entered into a $90-million agreement with Bombardier of Canada under which it will acquire 35 new commuter cars and seven new electric locomtoives (the latter to be supplied by Electro-Motive). A third party, a financial institution, will be the actual lessor. Any such future deals will not be made easy by Washington's continued expressions of "no faith" in the future of rail.

In addition to the billions of dollars that it pumps directly into the nation's economic bloodstream, rail transit is important to local and regional economies in other ways. Some of them are easily measurable: when the Washington Metro opened a new line in suburban Virginia last year, local realtors estimated that an additional $20,000 was instantly added to the value of every house along the line. Other benefits are more qualitative than quantitative, but no less important. They have to do with what Toronto, which has a rail-based public transit system that is the envy of cities around the world, calls the "quality of life." They have to do with the decongesting of city strees, highways, and busy air corridors. If the OMB has tried to apply its cost/benefit analyses to such imponderables, the word hasn't got out.

• **Amtrak—and a red herring.** While there is evidence all across the land that trains continue to be the most efficient of all people movers, and that people will use them if they are clean and comfortable and run on time, it is Amtrak that is in the national focus—and it is the Amtrak battlefield that is likely to see the most spirited action in the new budget wars.

OMB is likely to make much of the fact that Amtrak ridership was actually down slightly last year from the year before. If so, OMB will have a very smelly red herring on its hands.

It *is* a fact that Amtrak ridership in fiscal year 1986 dropped to 20.3 million from 20.8 million the year before. This was due to service reductions mandated partly by reduced federal support.

But on the service that remained, business was booming: Despite the slight decline in ridership, Amtrak in 1986 reported an increase in passenger miles to 5.012 billion, from 4.825 billion the year before. Just as the freight railroads measure their business not by carloads but by ton-miles, the passenger roads measure theirs by passenger-miles—and on this score, Amtrak business is at an all-time high.

So are revenues. Amtrak's operating revenues last year added up to $861.4 million, up from $825.8 million the year before.

All of Amtrak's revenues do not come from its riders. Unlike most other government or quasi-government enterprises, Amtrak is run on strictly businesslike principles, and its president, W. Graham Claytor, Jr., looks for new business opportunities as avidly as he did when he ran the Southern Railway. One result of this has been a surge in mail and express revenues, which amounted to only $1 million in Amtrak's first year but hit $22.6 million last year and are projected at $33 million in fiscal 1987.

Today, Amtrak is earning 60% of its costs from revenues, a revenue-to-cost ratio that is among the highest of national passenger rail systems anywhere.

• **OMB's Corridor caper.** Faced with this kind of performance, even the OMB cannot with a straight face call Amtrak a total failure—so late last year OMB, in effect, pronounced a part of Amtrak to be a commercial success, so much of a success that it could be put up for sale.

According to mid-December press reports, an early draft of the 1987 national budget called for the sale of Amtrak's Northeast Corridor. Originally, it was estimated that such a sale might bring the government $2.8 billion; that was later revised to $1.5 billion.

"It's just as feasible as the sale of Conrail," one Administration official was quoted as saying. It is not recorded whether this official was asked if he knew the difference between a freight railroad that has been netting $500 million a year and a passenger railroad that has been losing $600 million.

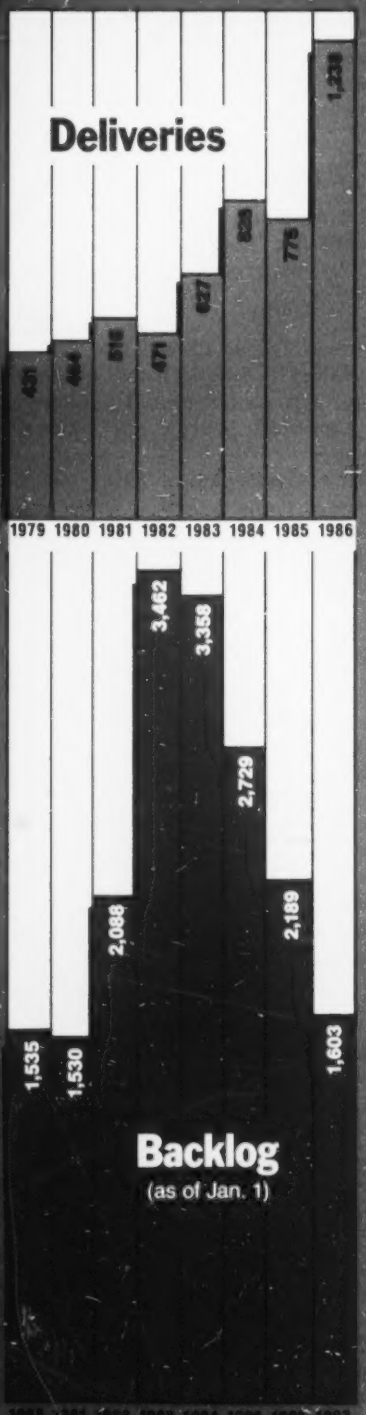
The shakiness of this Administration proposal was underscored when Federal Railroad Administrator John H. Riley said (in another context, and without direct reference to the OMB draft proposal, which had not then been made public) that if the Northeast Corridor were spun off from the national Amtrak system it would have an operating deficit of $220 million.

Amtrak President Claytor, who has been through all of this before, said mildly that he would be surprised if a Northeast Corridor sale turned out to be the Administration's final proposal. He recalled that such a proposal was made two years ago; there were no takers.

Indeed, the Administration has found few takers for any of its proposals to privatize public transportation.

No matter how lofty the principle, it doesn't always get very far when it collides with the public interest. ■

Passenger-car market at a glance



These cars were delivered in 1986:

Purchaser	No. of cars	Type	Builder
Amtrak	74	Material handling	Thrall
Atlanta	34	Rapid transit	Hitachi, C. Itoh
Baltimore	28	Rapid Transit	Transit America
Boston (MBTA)	50	Light rail	Kinki-Sharyo, C. Itoh
Buffalo (NFTA)	1	Light rail	Tokyu Car Corp.
Chicago (CTA)	116	Rapid transit	Transit America
Miami (MDTA)	8	Rapid transit	Transit America
New York (LIRR)	102	Commuter	Transit America
New York (NYCTA)	426	Rapid transit	Bombardier
	140	Rapid transit	Westinghouse Amrail
New York (Metro-North)	39	Commuter	Bombardier
PATH (PA of NY/NJ)	26	Rapid transit	Nissho Iwai, Kawasaki
Pittsburgh (PAT)	55	Light rail	Siemens-Duewag
Portland (Tri-Met)	18	Light rail	Bombardier
Sacramento	17	Light rail	Siemens-Duewag
San Diego (MTDB)	6	Light rail	Siemens-Duewag
San Francisco (CALTRANS)	8	Commuter	Nippon Sharyo
Santa Clara County	2	Light rail	UTDC, Inc.
Toronto (TTC)	4	ICTS	UTDC Group
	4	Rapid transit	UTDC Group
Washington (WMATA)	76	Rapid transit	Breda
Vancouver (BC Transit)	4	Light rail	UTDC, Inc.
Total	**1,238**		

Work goes forward on this undelivered backlog:

Purchaser	No. of cars	Type	Builder
Atlanta (MARTA)	36	Rapid transit	Hitachi, C. Itoh
Baltimore (MARC)	13	Commuter	Nippon Sharyo, Sumitomo
Boston (MBTA)	58	Rapid transit	UTDC, Inc.
	67	Commuter	Messerschmitt-Bolkow-Blohm GmbH
	50	Light rail	Kinki-Sharyo, C. Itoh
Chicago (CTA)	36	Rapid transit	Transit America
New York (NYCTA)	339	Rapid transit	Bombardier
	285	Rapid transit	Westinghouse Amrail
New York (Metro-North)	54	Commuter	Tokyu Car, Mitsui
	38	Commuter	Bombardier
PATH (PA of NY/NJ)	69	Rapid transit	Nissho Iwai, Kawasaki
Philadelphia (SEPTA)	35	Commuter	Bombardier
Pittsburgh (PAT)	1	Light rail	Siemens-Duewag
Sacramento	9	Light rail	Siemens-Duewag
San Francisco (BART)	150	Rapid transit	Soferval (Alsthom Atlantique)
San Francisco (CALTRANS)	2	Commuter	Nippon Sharyo
Santa Clara County	48	Light rail	UTDC, Inc.
Toronto (GO Transit)	63	Commuter	UTDC, Inc.
Toronto (TTC)	122	Rapid transit	UTDC Group
	52	Light rail	UTDC Group
Washington (WMATA)	76	Rapid transit	Breda
Total	**1,603**		

Orders likely to develop in 1987:

Purchaser	No. of cars	Type
Boston (MBTA)	50-75	Commuter
Los Angeles (SCRTD)	30	Rapid transit
New York (NYCTA)	200[1]	Rapid transit
New Jersey Transit	20[2]	Commuter
Philadelphia (SEPTA)	26	Light rail
Sacramento	6	Light rail
San Diego (MTDB)	15	Light rail
Total	**347-372**	

[1]Plus heavy overhauls: 540 in 1987 and 768 in 1988.
[2]Plus 30 rebuilds, converted by Morrison-Knudsen.

The five year (1988-1992) outlook:

Purchaser	No. of cars	Type
Calgary	3-6	Light rail
Chicago (CTA)	100-250	Rapid transit
Dallas (DART)	251	Light rail
Detroit (SEMTA)	0-20	Commuter
Los Angeles (SCRTD)	30-45	Rapid transit
New York (LIRR)	12	Commuter
New York (NYCTA)	20	Rapid transit (next generation prototype)
New York (Metro-North)	60	Commuter
Philadelphia (SEPTA)	70	Light rail
Portland (Tri-Met)	16-36	Light rail
Sacramento	0-12	Light rail
San Diego	20-32	Light rail
St. Louis	31	Light rail
Toronto (GO Transit)	40-70	Commuter
Toronto (TTC)	22-58	Rapid transit
	0-19	Light rail
Vancouver (BC Transit)	10-20	Light rail
Washington (WMATA)	30-58	Rapid transit
Total	**695-1,070**	